

PENDING CALIFORNIA LEGISLATION of interest to banks, as of June 5, 2003  
2003

**A.B. 46** (Similian), as amended June 3, 2003. *Passed Assembly on June 4, 2003.* To Senate.

As introduced, would have added Civil Code 1798.85.1 to prohibit an employer from requiring an employee to use his/her social security number in a manner that is available to the public or an unauthorized third party. Since bill has now been amended to apply only to student social security numbers, and to delete any reference to employers, it won't appear in future listings.

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Would amend Penal Code 502.01 to add to the list of offenses for which a computer, etc., used in the commission of the offense would be subject to forfeiture.

**A.B. 73** (Lowenthal), as amended May 8, 2003. *Passed Assembly (64-8) on May 19, 2003.* With Senate Committees on Banking, Commerce, and International Trade, and the Judiciary. Banking Committee hearing scheduled June 11, 2003.

Would add Financial Code 4003 to prohibit a charge card issuer, financial institution, or other lender from soliciting consumer loans or credit by sending unsolicited checks to consumers who reside in California, unless the consumer is provided a mechanism that allows him or her to elect not to receive the checks.

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Would add B&PC 17204.7 and 17204.8 to require any person who files a private action under B&PC 17,200 on behalf of the general public to serve a specified notice on each defendant. The bill would also set forth principles of joining of defendants, and would specify that the various provisions in the bill are not severable. The bill would take effect only if SB 122 is also enacted and becomes effective prior to January 1, 2004.

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As introduced, would have added Civil Code 1798.90.1 to the Information Practices Act of 1977 to make it a misdemeanor (maximum one year in jail and \$10,000 fine) for a

business that uses information encoded on a state driver's license or ID card to record, store, or retain the information for marketing purposes. Since the bill has been amended to apply only to minors who are dependent children and wards of the court, this bill will not appear in future listings.

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Bill is intended to address gender stereotyping. It would amend Government Code 12926 and 12949, which prohibits discrimination and harassment on the basis of sex, etc., by including gender in the definition of sex. Employers would be permitted to require employees to comply with reasonable workplace appearance, grooming, and dress standards (consistent with state and federal law), if employees are allowed to appear or dress consistently with their gender identity.

**A.B. 226** (Vargas), as amended May 12, 2003. *Passed Assembly (49-28) on May 19, 2003.* To Senate Committee on Insurance. Haring scheduled June 18, 2003.

Would amend Insurance Code 10110.1 and add I.C. 10110.4 to prohibit an insurance company from issuing to any California employer a life insurance policy designating the employer as beneficiary and insuring the life of a California resident who is the employee's current or former nonexempt employee and who meets certain other criteria. Policies issued prior to the effective date of the bill insuring the lives of nonexempt employees could remain in effect only until the next premium payment date, unless they fall within an exemption for single premium policies.

**A.B. 309** (Chu), as amended April 29, 2003. *Passed Assembly (49-0) on May 19, 2003.* To Senate Committee on the Judiciary. No hearing scheduled.

Would amend Civil Code 1632 to requiring that any person engaged in a trade or business who negotiates specified contracts primarily in Chinese, Tagalog, Vietnamese, or Korean (as well as Spanish) to deliver a translation of the contract before execution. The bill would become effective only if S.B. 146 is enacted and becomes effective on or before January 1, 2004.

**A.B. 313** (Dutra), introduced February 7, 2003. *Passed Assembly (73-0) on April 24, 2003.* To Senate Committee on Banking, Commerce, and International Trade. Hearing scheduled June 11, 2003.

Would repeal Financial Code 50707 (which sunsets the California Residential Mortgage Lending Act as of June 30, 2005), thereby making that law, which licenses and regulates mortgage lenders permanent.

**A.B. 418** (Pacheco), as amended May 29, 2003. *Passed Assembly (80-0) on June 2, 2003.* To Senate Rules Committee for assignment.

Would amend Code of Civil Procedure 415.20, 415.45, 415.46, and 1167.4, would add CCP 415.95, and would amend B&PC 22358, on delivery of process. Among other provisions, if the form of a business organization is unknown, delivery can be to a person apparently in charge.

**A.B. 578** (Leno), as amended May 12, 2003, with Committee on Local Government. Ordered to third reading, May 29, 2003.

Would enact (as an emergency statute, effective on passage) the Electronic Recording Delivery System Act by adding Government Code 27362 and 27390 et seq (and repealing Government Code 2729.4 and 2739.8) to allow county recorders to develop electronic recording systems, and to charge up to \$1 more per document for any document filed electronically. It would authorize up to 12 counties to participate in an electronic recording pilot project until January 1, 2011, with the Attorney General evaluating any such pilots and reporting to the legislature by June 30, 2007.

**A.B. 679** (Chavez), as amended April 21, 2003. *Passed Assembly (74-0) on May 22, 2003.* To Senate Rules Committee for assignment.

Would amend Business & Professions Code 10229 to require a real estate broker to file information with the Real Estate Commissioner about any transaction to sell or offer to sell a series of notes secured directly by interests in one or more parcels of real property or the sale of undivided interests in a note so secured. The bill would prohibit the aggregate principal amount of the notes or interests and encumbrances from exceeding certain percentages of market value for each parcel, and would require a written statement or appraisal to be delivered to the purchaser.

**A.B. 690** (Pacheco). *Passed the Assembly (72-0) on April 10;* to Senate Committee on the Judiciary. Amended June 2, 2003. *Passed the Senate on June 4, 2003.* Back to the Assembly.

Would amend Code of Civil Procedure 488.455 and 700.140 to allow (but not require) a financial institution to designate a centralized location to receive notices of levy on deposit accounts.

**A.B. 707** (Correa), as amended April 29, 2003, with Committee on Appropriations. Set, second hearing. Held under submission, May 28, 2003.

Would add Education Code 51833 to require the Department of Consumer Affairs and the Superintendent of Public Instruction to develop curriculum and educational programs in personal financial management for grades 7 – 12.

**A.B. 763** (Liu), as amended June 2, 2003. *Passed Assembly, June 3, 2003.* To Senate Rules Committee for assignment.

Would amend Civil Code 1798.85 to prohibit mailing social security numbers (or portions thereof) on postcards or visible on envelopes.

**A.B. 800** (Kehoe), as amended May 7, 2003. *Passed Assembly (76-0) on May 12, 2003.* To Senate Committee on the Judiciary. Hearing scheduled June 17, 2003.

Would amend Civil Code 1785.25 to revise the process for consumer credit reporting agencies to investigate disputed information.

**A.B. 1092** (Harmon), as amended May 22, 2003. *Passed Assembly (77-0) on May 27, 2003.* To Senate Rules Committee for assignment.

Would amend Civil Code 1749.5, add Civil Code 1749.45, and amend CCP 1520.5 to prohibit the sale of any gift certificate (including most gift cards, but not certain cards that may be used with multiple sellers of goods or services) that contain a service fee. The bill would not prevent the issuer of a gift certificate from providing on the certificate that the purchaser is entitled to a full refund of the amount paid under specified circumstances.

**A.B. 1105** (Jackson), as amended May 13, 2003. *Passed Assembly (77-0) on May 19, 2003.* To Senate Committee on Public Safety. No hearing scheduled.

Would amend Penal Code 803 to run the statute of limitations for identity theft from the time of discovery of the offense.

**A.B. 1355** (Wiggins), as amended April 21, 2003. *Passed Assembly (73-1) on May 12, 2003.* To Senate Rules Committee for assignment.

Would add Financial Code 216.3 on civil money penalties against licensed banks and their subsidiaries.

**A.B. 1705**, as amended April 30, 2003. *Passed Assembly (47-28) on May 15, 2003.* To Senate Committee on the Judiciary. Hearing scheduled June 17, 2003.

Would add Probate Code 16004.5 to prohibit a trustee from requiring a beneficiary to relieve the trustee of liability as a condition for making a required distribution or payment to or for the benefit of the beneficiary. But the bill would not affect a trustee's right to maintain a reserve for reasonably anticipated expenses, or to withhold any portion of a distribution reasonably in dispute.

**A.B. 1715**, as amended April 28, 2003. *Passed Assembly (44-23) on May 19, 2003.* To Senate Committee on the Judiciary. No hearing scheduled.

Would amend Code of Civil Procedure 1281 and add Government Code 12952 on employment arbitration.

**A.B. 1772**, introduced March 13, 2003. *Passed Assembly (76-0) on May 12, 2003.* To Senate Committee on Public Safety. No hearing scheduled.

Would amend Penal Code 530.8 on identity theft.

**A.B. 1773**, as amended May 14, 2003, *Passed Assembly (70-0) on May 23, 2003.* To Senate Rules Committee for assignment.

Would amend Penal Code 786, on venue for identify theft prosecutions.

**A.B. 1774**, introduced March 13, 2003. *Passed Assembly (63-1) on May 22, 2003.* To Senate Rules Committee for assignment.

Would amend Financial Code 261, 722, 1500, 1560, 1808, 1900, 4839, 4843, 4946, 8152, 14250, 14354, 16151, 16701, 31507, and 33903; would amend and renumber Financial Code 4879.12, 4879.13, and 4879.135; and would repeal Financial Code 8012. The bill would revise the provisions authorizing the DFI to examine banks et al. (authorizing examination of offices both instate and out-of-state), and to deliver to state or federal law enforcement agencies fingerprints of applicants for employment or for controlling

persons for existing or proposed banks, etc. The bill would also revise the provisions authorizing banks and trust companies to make investments.

**A.B. 1776**, introduced March 18, 2003. *Passed Assembly (76-0) on May 15, 2003.* To Senate Committees on Banking, Commerce, and International Trade, and on the Judiciary. Hearing scheduled June 11, 2003.

Would amend Corporations Code 2105 on access to records of foreign corporations.

**S.B. 1** (Speier and Burton), as amended June 4, 2003, with Senate Committee on Banking & Finance. Hearing scheduled June 9, 2003.

Would enact the California Financial Information Privacy Act (Financial Code 4050 to 4059). A consumer would usually have to “opt-in” before a financial institution could share nonpublic personal information with affiliated companies or with nonaffiliated nonfinancial companies. However, the bill would not restrict sharing between a financial institution and its wholly-owned financial institution subsidiaries or in certain other cases if both entities are regulated by the same functional regulator and are engaged in the same line of business (among other requirements).

The law would require special written notices to consumers, and would preempt local ordinances.

**S.B. 25** (Bowen), as amended June 2, 2003, with Senate Committee on Appropriations. Ordered to third reading, June 2, 2003.

Would amend Civil Code 1785.11.1, 1785.11.6, and 1985.15 to require any person who uses a consumer report in connection with the approval of credit to take reasonable steps to verify the consumer’s identity. If a person has placed a security alert in his/her file requesting that identity be verified by calling a specific telephone number, the person who receives the statement with the consumer alert must call that number before lending money or the like. The provisions on security alerts would not apply to account information service companies.

Would also amend Civil Code 1798.85, on use of or posting of social security numbers.

**S.B. 27** (Figueroa), as amended April 30, 2003. *Passed Senate (26-13) on May 29, 2003.* To Assembly. Held at Desk.

Would amend Civil Code 1798.80 through 1798.84, to allow a consumer to demand a written report from any business that has disclosed the consumer’s personal information

to a third party for direct marketing purposes. The report would have to include a description of the sources of the information, copies of the information disclosed (or in certain cases, alternative information), and the names and addresses of persons who have received the information during the last 12 months, or to whom the business has committed to disclose the information. No business could condition the sale of goods or services on the consumer's consent to disclosure of the consumer's personal information to third parties for direct marketing purposes.

Violation: Civil penalty of up to \$3,000 and reasonable attorneys fees.

**S.B. 122** (Escutia), as amended May 15, 2003. *Passed Senate (22-15) on June 4, 2003.* To Assembly. Held at Desk.

Would add B&PC 17204.6 to require court approval of attorney's fees in any proposed settlement or disposition of an unfair competition action brought by a private party on behalf of the general public, would provide for disgorgement as an available remedy, and would set forth principles for joining of unfair competition actions. Bill would be contingent on AB 95 being enacted and becoming effective before January 1, 2004.

**S.B. 134** (Figueroa), as amended May 13, 2003. *Passed Senate (34-0) on May 22, 2003.* To Assembly Committee on the Judiciary. Amended June 4, 2003. Hearing scheduled June 10, 2003.

Would amend Civil Code 3097 and add Civil Code 3259.5 to require the owner of a private work of improvement to notify by certified or registered mail (or by first class mail with certificate of mailing) the original contractor, and any claimant who has provided a preliminary 20-day notice prior to recording a mechanics lien or stop notice, that a notice of completion or a notice of cessation has been recorded within 10 days. Would exclude from "owner" a person who occupies real property as a personal residence.

Would also require specified language in preliminary 20-day notices.

**S.B. 186** (Murray), as amended May 22, 2003. *Passed Senate (24-12) on June 2, 2003.* To Assembly. Held at Desk.

Would amend Business & Professions Code 17538.4 and add B&PC 17529 et seq. to prohibit California advertisers from using unsolicited commercial e-mail ads, and to prohibit non-California advertisers from using unsolicited commercial e-mail ads sent to any California e-mail address if the advertiser knows or should know that it is a California e-mail address. Damages recoverable (by any recipient or the Attorney General): \$1,000 per individual violation. Severability clause.

**S.B. 283** (Sher), as amended April 24, 2003. *Passed Senate (37-0), May 1, 2003.* To Assembly Committees on Business & Finance and the Judiciary. Amended June 4, 2003. B&F hearing scheduled for June 9, 2003.

Would amend Commercial Code 9102(2), 9304, 9309, 9321, 9408, and 9521, Government Code 12194, and Vehicle Code 5907, to deal with, among things, lottery winnings as accounts.

**S.B. 434** (Escutia), as amended June 4, 2003, with Senate Committee on Appropriations. Ordered to third reading, June 4, 2003.

Would amend various provisions of the Corporations and Government Code and add Penal Code 131, dealing with investigations of possible violations of securities laws. Among other things, the bill would provide for sharing of information with agencies of other states.

**S.B. 455** (Torlakson), as amended April 22, 2003. *Passed Senate (22-14), on April 28, 2003;* to Assembly Committee on the Judiciary. Hearing scheduled June 17, 2003.

Would amend Civil Code 1697.7 and 1697.8 re home equity sales contracts. The bill would increase the maximum fine against equity purchasers from \$10,000 to \$25,000, and authorize a court to award a civil penalty or not more than \$2,500 (in addition to actual damages) to a prevailing equity seller, if the court has not awarded exemplary damages.

**S.B. 584** (Alarcon), as amended May 20, 2003. *Passed Senate (23-15) on June 2, 2003.* To Assembly. Held at Desk.

Would add Business & Professions Code 17531.3 to require any “person” who advertises or promotes a service or product in Spanish, Tagalog, Chinese, Vietnamese, or Korean to provide certain information in that language, at the consumer’s request. “Person” would include any person (other than a 501(c)(3) nonprofit) operating in the businesses of banking, insurance, public utility, credit union, money transferer, automobile dealer, or check cashing. No specific remedy for violation, but it could constitute an act of unfair competition that could be prosecuted by a civil action brought by, among others, the Attorney General.

**S.B. 590** (Speier), introduced February 20, 2003. *Passed Senate (24-13) on May 12, 2003.* To Assembly Committees on Banking & Finance and on the Judiciary. Amended June 2, 2003.



Would add Civil Code 1749.70 et seq. to prohibit a “seller” from requesting personal information from a consumer, with specified exemptions. It would also prohibit a seller from providing personal information about a consumer to a third party (including an affiliated entity), with certain exemptions. However, “seller” would not include any federally or state chartered financial institution or its parent or subsidiary.

**S.B. 660** (Speier), as amended May 6, 2003. To Special Consent Calendar, June 2, 2003.

In prior incarnations, would have added Civil Code 1798.855 to prohibit a title company from displaying a person’s social security number in any public record. And would have added Government Code 68154 to require confidential treatment of any court record that contains a person’s social security number, bank account numbers, or information revealing the disposition of a decedent’s estate.

As amended, the bill deals only with keeping social security numbers confidential in marriage dissolution proceedings. This bill will not be included in future listings.

**S.B. 663** (Speier), as amended May 12, 2003. *Passed Senate (40-0) on May 29, 2003.* To Assembly. Held at Desk.

As introduced, would have added Revenue & Taxation Code 408.4 to provide that any computer terminal that is controlled by a county assessor and accessible to the public may not contain a subject search index that organizes property ownership by reference to an individual’s name, unless there is a procedure to limit access to persons with a legitimate purpose for identifying a property owner by name.

Since the bill as amended deals with property tax delinquency notices, it will not be included in future listings.

**S.B. 691** (Escutia), as amended May 14 2003. *Passed Senate (23-24) on May 15, 2003.* To Assembly Committee on Insurance. No hearing scheduled.

Would add Insurance Code 676.18 to prohibit an insurer from canceling, refusing to underwrite, or refusing to renew a risk, from rating a risk, or from requiring a particular payment plan, based in any way on a consumer’s credit history (defined as any communication by a consumer reporting agency of information bearing on a consumer’s credit-related characteristics, as specified, that is to be used to determine insurance premiums for homeowner’s insurance).

**S.B. 804** (Machado), introduced February 21, 2003. *Passed Senate (26-18) on April 28, 2003.* To Assembly Committee on the Judiciary. Hearing scheduled June 10, 2003.

Would amend Code of Civil Procedure 704.730 increase the homestead exemption (which was last increased three years ago) by 25%.

**S.B. 901** (Dunn), as amended April 21, 2003, with Senate Committee on Appropriations. Trade. Held in Committee under submission, May 29, 2003.

As originally introduced, would add Financial Code 60000 et seq., the California Community Reinvestment Act, to replicate the Federal Community Reinvestment Act on the state level. As now amended, the bill would only authorize DFI to charter "low-income credit unions."

**S.B. 1022** (Perata), as amended May 23, 2003. *Passed Senate (21-15) on June 4, 2003.* To Assembly. Held at Desk.

Would add Civil Code 1812.700 and 1812.701 to require third-party debt collectors to provide specific written notices to consumers, advising of rights under the federal Fair Debt Collection Practices Act. The notice would have to be in the language principally used in the initial oral contact with the consumer.

**S.J.R. 2** (Figueroa), introduced December 2, 2002, with the Committee on the Judiciary. No hearing scheduled, or other action.

Would request the U.S. Congress not to preempt any state privacy law that provides greater protection to consumers than is or will be provided by federal law.

**The following bills introduced in 2003 are two-year bills; no further action is expected on any of these bills in 2003.**

**A.B. 3** (Calderon), as amended April 8, 2003.

Consumer Credit Reporting Agencies Act of 2004. Would amend Civil Code 1785.13(d) to require a consumer credit reporting agency to remove adverse information within 30 days (instead of 90) after the agency is prohibited from including the information.

Would amend Civil Code 1785.25 to require a tax, judgment, or civil lienholder who has furnished information to consumer credit reporting agencies to report within 30 days that a reported lien has been released, or that an incident that resulted in the reporting of adverse information has been resolved.

**A.B. 224** (Kehoe, Cohn), as amended March 24, 2003.

Would add Civil Code 1748.35 to 1748.40 to allow a retailer to electronically read a driver's license or ID, and to store the data, only for specified purposes, such as to comply with laws requiring background checks. A retailer could not sell the data, and could share it only under certain circumstances. Actual damages (minimum \$1,500) plus reasonable

attorney's fees. Triple damages if willful. A retailer could not deny goods or services to a consumer who exercises his rights under the bill.

**A.B. 485** (Ridley-Thomas), as amended April 21, 2003.

Would add Financial Code 4971 and 4972 to authorize any city with a population over 300,000, and any county with a population over 750,000, to adopt anti-predatory lending ordinances that go beyond state law.

Would repeal Financial Code 1916.12, which authorizes the Secretary of the Business, Transportation and Housing Agency to apply to state-regulated lenders making loans on residentially-secured property, rules equivalent to those that apply to federally-regulated financial institutions.

**A.B. 832** (Montanez), introduced February 20, 2003.

Would add Financial Code 22302.5 to prohibit a licensed lender from denying an application for a consumer loan solely on the basis of race, ethnicity, national origin, native language, or ZIP code of the applicant's residence or business. All remedies at law and equity, including an action for injunctive relief.

**A.B. 1078** (Runner), as amended March 28, 2003.

As introduced, would amend Business and Professions Code 17514 on electronic sellers who solicit newspaper or magazine subscriptions. As amended, the bill would also add Civil Code 1689.4 to allow any person age 65 or older 60 calendar days to rescind any contract with a financial institution (as defined in 12 U.S.C. 1843(k)) doing business in California if the transaction has financial implications for the person.

**A.B. 1175** (Koretz), introduced February 21, 2003.

Would add Civil Code 1747.08 to prohibit a credit card issuer from sending out unsolicited preprinted credit card solicitations containing the consumer's name and address or other personal information.

**A.B. 1226** (Montanez), as amended April 21, 2003.

Would add declare that credit unions are full-service retail depository institutions that can and do solicit potential members from an ever-expanding base, that they accrue great benefits from doing business in California, and that they capitalization, loans-to-one0-borrower, and conflict-of-interest requirements are not as strict as those applicable to community banks. Would direct the Legislative Analyst's Office to review the feasibility of imposing a fee for funding public education, and the feasibility of other changes, on larger credit unions (state- or federally-chartered) that offer commercial loans to businesses, and that no longer require a "common bond" for the purpose of funding public education.

**A.B. 1295** (Calderon), as amended April 8, 2003.

Would add Welfare & Institutions Code 15710 et seq. to establish pilot programs in Los Angeles, San Diego, and San Francisco Counties for training bank employees in recognizing and reporting known or suspected instances of financial abuse of elders and dependent adults.

**A.B. 1664** (Montanez) , introduced February 21, 2003.

Would add Financial Code 4200 through 4213, the Bank Customer Bill of Rights, which would apply to California state banks and to foreign (other nation) banks licensed under Financial Code 1750 et seq.

A bank could not sell private credit information about a customer to a marketing business for profit without the customer's consent; could not charge customers using the bank's ATM cards an overdraft penalty of \$30 or more without providing notice of cumulative charges; could not issue credit cards with interest rates more than 2% above the

prime rate; and could not charge more than “average” on a consumer loan if the customer qualifies for a lower rate and the bank has not advised the customer of that fact.

**A.B. 1713**, as amended April 30, 2003.

Would amend Code of Civil Procedure 1280 and add CCP 1281.24 and 1287.1 on consumer arbitration agreements.

**S.B. 69** (Oller), introduced January 17, 2003.

Would amend Civil Code 54.1 to require advance warning, and opportunity for cure, of any claim that a place of public accommodation (such as an ATM machine) does not provide full and equal access to persons with disabilities.

**S.B. 342** (Florez), introduced February 19, 2003.

Would amend Business & Professions Code 17534.8 and add B&PC 17538.43 to require any sender of unsolicited e-mail to include the seller’s identity, etc., and to honor any request not to send future e-mails.

**S.B. 395** (Florez), as amended April 28, 2003.

As introduced, would add Financial Code 13042 to require that every ATM in California be equipped with an emergency access button for customer safety. As amended, would amend Corporations Code 2355 to make it a felony for any corporate officer, director, agent, or shareholder to destroy documents or to make or concur in the omission to make any material entry in the corporate books, with intent to defraud.

**S.B. 505** (Perata), introduced February 20, 2003.

Would add Civil Code 1726, the Postmark Payment Act, that payments to financial institutions regulated by the Financial Code or to credit cards issuers regulated by Financial Code 1747 et seq. would be deemed received as of the date of the Postal Service’s postmark, if the envelope is properly addressed, postage prepaid.

**S.B. 766** (Florez), introduced February 21, 2003.

Would amend Corporations Code 25500 to abrogate certain holdings of Kamen v. Lindly and California Amplifier, Inc. v. RLI Insurance Co., two securities fraud cases.

**S.B. 917** (Alarcon), introduced February 21, 2003.

Would amend Corporations Code 309 to prohibit a director from performing his/her duties at the expense of the environment, human rights, the public health and safety, the communities in which the corporation operates, or the dignity of the corporation’s employees. Suits against the director or the corporation under the bill would only be for liabilities that accrue after January 1, 2017. [That is not a typo!]

Copies of the most recent text of any bill, and the dates of any scheduled hearings, can be obtained at [www.leginfo.ca.gov](http://www.leginfo.ca.gov).

Bob Mulford      June 5, 2003

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**A.B. 46** (Similian), as amended June 3, 2003. *Passed Assembly on June 4, 2003.* To Senate.

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Would amend Penal Code 502.01 to add to the list of offenses for which a computer, etc., used in the commission of the offense would be subject to forfeiture.

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**A.B. 226** (Vargas), as amended May 12, 2003. *Passed Assembly (49-28) on May 19, 2003.* To Senate Committee on Insurance. Haring scheduled June 18, 2003.

Would amend Insurance Code 10110.1 and add I.C. 10110.4 to prohibit an insurance company from issuing to any California employer a life insurance policy designating the employer as beneficiary and insuring the life of a California resident who is the employee's current or former nonexempt employee and who meets certain other criteria. Policies issued prior to the effective date of the bill insuring the lives of nonexempt employees could remain in effect only until the next premium payment date, unless they fall within an exemption for single premium policies.

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Would repeal Financial Code 50707 (which sunsets the California Residential Mortgage Lending Act as of June 30, 2005), thereby making that law, which licenses and regulates mortgage lenders permanent.

**A.B. 418** (Pacheco), as amended May 29, 2003. *Passed Assembly (80-0) on June 2, 2003.* To Senate Rules Committee for assignment.

Would amend Code of Civil Procedure 415.20, 415.45, 415.46, and 1167.4, would add CCP 415.95, and would amend B&PC 22358, on delivery of process. Among other provisions, if the form of a business organization is unknown, delivery can be to a person apparently in charge.

**A.B. 578** (Leno), as amended May 12, 2003, with Committee on Local Government. Ordered to third reading, May 29, 2003.

Would enact (as an emergency statute, effective on passage) the Electronic Recording Delivery System Act by adding Government Code 27362 and 27390 et seq (and repealing Government Code 2729.4 and 2739.8) to allow county recorders to develop electronic recording systems, and to charge up to \$1 more per document for any document filed electronically. It would authorize up to 12 counties to participate in an electronic recording pilot project until January 1, 2011, with the Attorney General evaluating any such pilots and reporting to the legislature by June 30, 2007.

**A.B. 679** (Chavez), as amended April 21, 2003. *Passed Assembly (74-0) on May 22, 2003.* To Senate Rules Committee for assignment.

Would amend Business & Professions Code 10229 to require a real estate broker to file information with the Real Estate Commissioner about any transaction to sell or offer to sell a series of notes secured directly by interests in one or more parcels of real property or the sale of undivided interests in a note so secured. The bill would prohibit the aggregate principal amount of the notes or interests and encumbrances from exceeding certain percentages of market value for each parcel, and would require a written statement or appraisal to be delivered to the purchaser.

**A.B. 690** (Pacheco). *Passed the Assembly (72-0) on April 10;* to Senate Committee on the Judiciary. Amended June 2, 2003. *Passed the Senate on June 4, 2003.* Back to the Assembly.

Would amend Code of Civil Procedure 488.455 and 700.140 to allow (but not require) a financial institution to designate a centralized location to receive notices of levy on deposit accounts.

**A.B. 707** (Correa), as amended April 29, 2003, with Committee on Appropriations. Set, second hearing. Held under submission, May 28, 2003.

Would add Education Code 51833 to require the Department of Consumer Affairs and the Superintendent of Public Instruction to develop curriculum and educational programs in personal financial management for grades 7 – 12.

**A.B. 763** (Liu), as amended June 2, 2003. *Passed Assembly, June 3, 2003.* To Senate Rules Committee for assignment.

Would amend Civil Code 1798.85 to prohibit mailing social security numbers (or portions thereof) on postcards or visible on envelopes.

**A.B. 800** (Kehoe), as amended May 7, 2003. *Passed Assembly (76-0) on May 12, 2003.* To Senate Committee on the Judiciary. Hearing scheduled June 17, 2003.

Would amend Civil Code 1785.25 to revise the process for consumer credit reporting agencies to investigate disputed information.

**A.B. 1092** (Harmon), as amended May 22, 2003. *Passed Assembly (77-0) on May 27, 2003.* To Senate Rules Committee for assignment.

Would amend Civil Code 1749.5, add Civil Code 1749.45, and amend CCP 1520.5 to prohibit the sale of any gift certificate (including most gift cards, but not certain cards that may be used with multiple sellers of goods or services) that contain a service fee. The bill would not prevent the issuer of a gift certificate from providing on the certificate that the purchaser is entitled to a full refund of the amount paid under specified circumstances.

**A.B. 1105** (Jackson), as amended May 13, 2003. *Passed Assembly (77-0) on May 19, 2003.* To Senate Committee on Public Safety. No hearing scheduled.

Would amend Penal Code 803 to run the statute of limitations for identity theft from the time of discovery of the offense.



**A.B. 1355** (Wiggins), as amended April 21, 2003. *Passed Assembly (73-1) on May 12, 2003.* To Senate Rules Committee for assignment.

Would add Financial Code 216.3 on civil money penalties against licensed banks and their subsidiaries.

**A.B. 1705**, as amended April 30, 2003. *Passed Assembly (47-28) on May 15, 2003.* To Senate Committee on the Judiciary. Hearing scheduled June 17, 2003.

Would add Probate Code 16004.5 to prohibit a trustee from requiring a beneficiary to relieve the trustee of liability as a condition for making a required distribution or payment to or for the benefit of the beneficiary. But the bill would not affect a trustee's right to maintain a reserve for reasonably anticipated expenses, or to withhold any portion of a distribution reasonably in dispute.

**A.B. 1715**, as amended April 28, 2003. *Passed Assembly (44-23) on May 19, 2003.* To Senate Committee on the Judiciary. No hearing scheduled.

Would amend Code of Civil Procedure 1281 and add Government Code 12952 on employment arbitration.

**A.B. 1772**, introduced March 13, 2003. *Passed Assembly (76-0) on May 12, 2003.* To Senate Committee on Public Safety. No hearing scheduled.

Would amend Penal Code 530.8 on identity theft.

**A.B. 1773**, as amended May 14, 2003, *Passed Assembly (70-0) on May 23, 2003.* To Senate Rules Committee for assignment.

Would amend Penal Code 786, on venue for identify theft prosecutions.

**A.B. 1774**, introduced March 13, 2003. *Passed Assembly (63-1) on May 22, 2003.* To Senate Rules Committee for assignment.

Would amend Financial Code 261, 722, 1500, 1560, 1808, 1900, 4839, 4843, 4946, 8152, 14250, 14354, 16151, 16701, 31507, and 33903; would amend and renumber Financial Code 4879.12, 4879.13, and 4879.135; and would repeal Financial Code 8012. The bill would revise the provisions authorizing the DFI to examine banks et al. (authorizing examination of offices both instate and out-of-state), and to deliver to state or federal law enforcement agencies fingerprints of applicants for employment or for controlling

persons for existing or proposed banks, etc. The bill would also revise the provisions authorizing banks and trust companies to make investments.

**A.B. 1776**, introduced March 18, 2003. *Passed Assembly (76-0) on May 15, 2003.* To Senate Committees on Banking, Commerce, and International Trade, and on the Judiciary. Hearing scheduled June 11, 2003.

Would amend Corporations Code 2105 on access to records of foreign corporations.

**S.B. 1** (Speier and Burton), as amended June 4, 2003, with Senate Committee on Banking & Finance. Hearing scheduled June 9, 2003.

Would enact the California Financial Information Privacy Act (Financial Code 4050 to 4059). A consumer would usually have to “opt-in” before a financial institution could share nonpublic personal information with affiliated companies or with nonaffiliated nonfinancial companies. However, the bill would not restrict sharing between a financial institution and its wholly-owned financial institution subsidiaries or in certain other cases if both entities are regulated by the same functional regulator and are engaged in the same line of business (among other requirements).

The law would require special written notices to consumers, and would preempt local ordinances.

**S.B. 25** (Bowen), as amended June 2, 2003, with Senate Committee on Appropriations. Ordered to third reading, June 2, 2003.

Would amend Civil Code 1785.11.1, 1785.11.6, and 1985.15 to require any person who uses a consumer report in connection with the approval of credit to take reasonable steps to verify the consumer’s identity. If a person has placed a security alert in his/her file requesting that identity be verified by calling a specific telephone number, the person who receives the statement with the consumer alert must call that number before lending money or the like. The provisions on security alerts would not apply to account information service companies.

Would also amend Civil Code 1798.85, on use of or posting of social security numbers.

**S.B. 27** (Figueroa), as amended April 30, 2003. *Passed Senate (26-13) on May 29, 2003.* To Assembly. Held at Desk.

Would amend Civil Code 1798.80 through 1798.84, to allow a consumer to demand a written report from any business that has disclosed the consumer’s personal information

to a third party for direct marketing purposes. The report would have to include a description of the sources of the information, copies of the information disclosed (or in certain cases, alternative information), and the names and addresses of persons who have received the information during the last 12 months, or to whom the business has committed to disclose the information. No business could condition the sale of goods or services on the consumer's consent to disclosure of the consumer's personal information to third parties for direct marketing purposes.

Violation: Civil penalty of up to \$3,000 and reasonable attorneys fees.

**S.B. 122** (Escutia), as amended May 15, 2003. *Passed Senate (22-15) on June 4, 2003.* To Assembly. Held at Desk.

Would add B&PC 17204.6 to require court approval of attorney's fees in any proposed settlement or disposition of an unfair competition action brought by a private party on behalf of the general public, would provide for disgorgement as an available remedy, and would set forth principles for joining of unfair competition actions. Bill would be contingent on AB 95 being enacted and becoming effective before January 1, 2004.

**S.B. 134** (Figueroa), as amended May 13, 2003. *Passed Senate (34-0) on May 22, 2003.* To Assembly Committee on the Judiciary. Amended June 4, 2003. Hearing scheduled June 10, 2003.

Would amend Civil Code 3097 and add Civil Code 3259.5 to require the owner of a private work of improvement to notify by certified or registered mail (or by first class mail with certificate of mailing) the original contractor, and any claimant who has provided a preliminary 20-day notice prior to recording a mechanics lien or stop notice, that a notice of completion or a notice of cessation has been recorded within 10 days. Would exclude from "owner" a person who occupies real property as a personal residence.

Would also require specified language in preliminary 20-day notices.

**S.B. 186** (Murray), as amended May 22, 2003. *Passed Senate (24-12) on June 2, 2003.* To Assembly. Held at Desk.

Would amend Business & Professions Code 17538.4 and add B&PC 17529 et seq. to prohibit California advertisers from using unsolicited commercial e-mail ads, and to prohibit non-California advertisers from using unsolicited commercial e-mail ads sent to any California e-mail address if the advertiser knows or should know that it is a California e-mail address. Damages recoverable (by any recipient or the Attorney General): \$1,000 per individual violation. Severability clause.

**S.B. 283** (Sher), as amended April 24, 2003. *Passed Senate (37-0), May 1, 2003.* To Assembly Committees on Business & Finance and the Judiciary. Amended June 4, 2003. B&F hearing scheduled for June 9, 2003.

Would amend Commercial Code 9102(2), 9304, 9309, 9321, 9408, and 9521, Government Code 12194, and Vehicle Code 5907, to deal with, among things, lottery winnings as accounts.

**S.B. 434** (Escutia), as amended June 4, 2003, with Senate Committee on Appropriations. Ordered to third reading, June 4, 2003.

Would amend various provisions of the Corporations and Government Code and add Penal Code 131, dealing with investigations of possible violations of securities laws. Among other things, the bill would provide for sharing of information with agencies of other states.

**S.B. 455** (Torlakson), as amended April 22, 2003. *Passed Senate (22-14), on April 28, 2003;* to Assembly Committee on the Judiciary. Hearing scheduled June 17, 2003.

Would amend Civil Code 1697.7 and 1697.8 re home equity sales contracts. The bill would increase the maximum fine against equity purchasers from \$10,000 to \$25,000, and authorize a court to award a civil penalty or not more than \$2,500 (in addition to actual damages) to a prevailing equity seller, if the court has not awarded exemplary damages.

**S.B. 584** (Alarcon), as amended May 20, 2003. *Passed Senate (23-15) on June 2, 2003.* To Assembly. Held at Desk.

Would add Business & Professions Code 17531.3 to require any “person” who advertises or promotes a service or product in Spanish, Tagalog, Chinese, Vietnamese, or Korean to provide certain information in that language, at the consumer’s request. “Person” would include any person (other than a 501(c)(3) nonprofit) operating in the businesses of banking, insurance, public utility, credit union, money transferer, automobile dealer, or check cashing. No specific remedy for violation, but it could constitute an act of unfair competition that could be prosecuted by a civil action brought by, among others, the Attorney General.

**S.B. 590** (Speier), introduced February 20, 2003. *Passed Senate (24-13) on May 12, 2003.* To Assembly Committees on Banking & Finance and on the Judiciary. Amended June 2, 2003.

Would add Civil Code 1749.70 et seq. to prohibit a “seller” from requesting personal information from a consumer, with specified exemptions. It would also prohibit a seller from providing personal information about a consumer to a third party (including an affiliated entity), with certain exemptions. However, “seller” would not include any federally or state chartered financial institution or its parent or subsidiary.

**S.B. 660** (Speier), as amended May 6, 2003. To Special Consent Calendar, June 2, 2003.

In prior incarnations, would have added Civil Code 1798.855 to prohibit a title company from displaying a person’s social security number in any public record. And would have added Government Code 68154 to require confidential treatment of any court record that contains a person’s social security number, bank account numbers, or information revealing the disposition of a decedent’s estate.

As amended, the bill deals only with keeping social security numbers confidential in marriage dissolution proceedings. This bill will not be included in future listings.

**S.B. 663** (Speier), as amended May 12, 2003. *Passed Senate (40-0) on May 29, 2003.* To Assembly. Held at Desk.

As introduced, would have added Revenue & Taxation Code 408.4 to provide that any computer terminal that is controlled by a county assessor and accessible to the public may not contain a subject search index that organizes property ownership by reference to an individual’s name, unless there is a procedure to limit access to persons with a legitimate purpose for identifying a property owner by name.

Since the bill as amended deals with property tax delinquency notices, it will not be included in future listings.

**S.B. 691** (Escutia), as amended May 14 2003. *Passed Senate (23-24) on May 15, 2003.* To Assembly Committee on Insurance. No hearing scheduled.

Would add Insurance Code 676.18 to prohibit an insurer from canceling, refusing to underwrite, or refusing to renew a risk, from rating a risk, or from requiring a particular payment plan, based in any way on a consumer’s credit history (defined as any communication by a consumer reporting agency of information bearing on a consumer’s credit-related characteristics, as specified, that is to be used to determine insurance premiums for homeowner’s insurance).

**S.B. 804** (Machado), introduced February 21, 2003. *Passed Senate (26-18) on April 28, 2003.* To Assembly Committee on the Judiciary. Hearing scheduled June 10, 2003.

Would amend Code of Civil Procedure 704.730 increase the homestead exemption (which was last increased three years ago) by 25%.

**S.B. 901** (Dunn), as amended April 21, 2003, with Senate Committee on Appropriations. Trade. Held in Committee under submission, May 29, 2003.

As originally introduced, would add Financial Code 60000 et seq., the California Community Reinvestment Act, to replicate the Federal Community Reinvestment Act on the state level. As now amended, the bill would only authorize DFI to charter "low-income credit unions."

**S.B. 1022** (Perata), as amended May 23, 2003. *Passed Senate (21-15) on June 4, 2003.* To Assembly. Held at Desk.

Would add Civil Code 1812.700 and 1812.701 to require third-party debt collectors to provide specific written notices to consumers, advising of rights under the federal Fair Debt Collection Practices Act. The notice would have to be in the language principally used in the initial oral contact with the consumer.

**S.J.R. 2** (Figueroa), introduced December 2, 2002, with the Committee on the Judiciary. No hearing scheduled, or other action.

Would request the U.S. Congress not to preempt any state privacy law that provides greater protection to consumers than is or will be provided by federal law.

**The following bills introduced in 2003 are two-year bills; no further action is expected on any of these bills in 2003.**

**A.B. 3** (Calderon), as amended April 8, 2003.

Consumer Credit Reporting Agencies Act of 2004. Would amend Civil Code 1785.13(d) to require a consumer credit reporting agency to remove adverse information within 30 days (instead of 90) after the agency is prohibited from including the information.

Would amend Civil Code 1785.25 to require a tax, judgment, or civil lienholder who has furnished information to consumer credit reporting agencies to report within 30 days that a reported lien has been released, or that an incident that resulted in the reporting of adverse information has been resolved.

**A.B. 224** (Kehoe, Cohn), as amended March 24, 2003.

Would add Civil Code 1748.35 to 1748.40 to allow a retailer to electronically read a driver's license or ID, and to store the data, only for specified purposes, such as to comply with laws requiring background checks. A retailer could not sell the data, and could share it only under certain circumstances. Actual damages (minimum \$1,500) plus reasonable

attorney's fees. Triple damages if willful. A retailer could not deny goods or services to a consumer who exercises his rights under the bill.

**A.B. 485** (Ridley-Thomas), as amended April 21, 2003.

Would add Financial Code 4971 and 4972 to authorize any city with a population over 300,000, and any county with a population over 750,000, to adopt anti-predatory lending ordinances that go beyond state law.

Would repeal Financial Code 1916.12, which authorizes the Secretary of the Business, Transportation and Housing Agency to apply to state-regulated lenders making loans on residentially-secured property, rules equivalent to those that apply to federally-regulated financial institutions.

**A.B. 832** (Montanez), introduced February 20, 2003.

Would add Financial Code 22302.5 to prohibit a licensed lender from denying an application for a consumer loan solely on the basis of race, ethnicity, national origin, native language, or ZIP code of the applicant's residence or business. All remedies at law and equity, including an action for injunctive relief.

**A.B. 1078** (Runner), as amended March 28, 2003.

As introduced, would amend Business and Professions Code 17514 on electronic sellers who solicit newspaper or magazine subscriptions. As amended, the bill would also add Civil Code 1689.4 to allow any person age 65 or older 60 calendar days to rescind any contract with a financial institution (as defined in 12 U.S.C. 1843(k)) doing business in California if the transaction has financial implications for the person.

**A.B. 1175** (Koretz), introduced February 21, 2003.

Would add Civil Code 1747.08 to prohibit a credit card issuer from sending out unsolicited preprinted credit card solicitations containing the consumer's name and address or other personal information.

**A.B. 1226** (Montanez), as amended April 21, 2003.

Would add declare that credit unions are full-service retail depository institutions that can and do solicit potential members from an ever-expanding base, that they accrue great benefits from doing business in California, and that they capitalization, loans-to-one0-borrower, and conflict-of-interest requirements are not as strict as those applicable to community banks. Would direct the Legislative Analyst's Office to review the feasibility of imposing a fee for funding public education, and the feasibility of other changes, on larger credit unions (state- or federally-chartered) that offer commercial loans to businesses, and that no longer require a "common bond" for the purpose of funding public education.

**A.B. 1295** (Calderon), as amended April 8, 2003.

Would add Welfare & Institutions Code 15710 et seq. to establish pilot programs in Los Angeles, San Diego, and San Francisco Counties for training bank employees in recognizing and reporting known or suspected instances of financial abuse of elders and dependent adults.

**A.B. 1664** (Montanez) , introduced February 21, 2003.

Would add Financial Code 4200 through 4213, the Bank Customer Bill of Rights, which would apply to California state banks and to foreign (other nation) banks licensed under Financial Code 1750 et seq.

A bank could not sell private credit information about a customer to a marketing business for profit without the customer's consent; could not charge customers using the bank's ATM cards an overdraft penalty of \$30 or more without providing notice of cumulative charges; could not issue credit cards with interest rates more than 2% above the

prime rate; and could not charge more than “average” on a consumer loan if the customer qualifies for a lower rate and the bank has not advised the customer of that fact.

**A.B. 1713**, as amended April 30, 2003.

Would amend Code of Civil Procedure 1280 and add CCP 1281.24 and 1287.1 on consumer arbitration agreements.

**S.B. 69** (Oller), introduced January 17, 2003.

Would amend Civil Code 54.1 to require advance warning, and opportunity for cure, of any claim that a place of public accommodation (such as an ATM machine) does not provide full and equal access to persons with disabilities.

**S.B. 342** (Florez), introduced February 19, 2003.

Would amend Business & Professions Code 17534.8 and add B&PC 17538.43 to require any sender of unsolicited e-mail to include the seller’s identity, etc., and to honor any request not to send future e-mails.

**S.B. 395** (Florez), as amended April 28, 2003.

As introduced, would add Financial Code 13042 to require that every ATM in California be equipped with an emergency access button for customer safety. As amended, would amend Corporations Code 2355 to make it a felony for any corporate officer, director, agent, or shareholder to destroy documents or to make or concur in the omission to make any material entry in the corporate books, with intent to defraud.

**S.B. 505** (Perata), introduced February 20, 2003.

Would add Civil Code 1726, the Postmark Payment Act, that payments to financial institutions regulated by the Financial Code or to credit cards issuers regulated by Financial Code 1747 et seq. would be deemed received as of the date of the Postal Service’s postmark, if the envelope is properly addressed, postage prepaid.

**S.B. 766** (Florez), introduced February 21, 2003.

Would amend Corporations Code 25500 to abrogate certain holdings of Kamen v. Lindly and California Amplifier, Inc. v. RLI Insurance Co., two securities fraud cases.

**S.B. 917** (Alarcon), introduced February 21, 2003.

Would amend Corporations Code 309 to prohibit a director from performing his/her duties at the expense of the environment, human rights, the public health and safety, the communities in which the corporation operates, or the dignity of the corporation’s employees. Suits against the director or the corporation under the bill would only be for liabilities that accrue after January 1, 2017. [That is not a typo!]

Copies of the most recent text of any bill, and the dates of any scheduled hearings, can be obtained at [www.leginfo.ca.gov](http://www.leginfo.ca.gov).

Bob Mulford      June 5, 2003